

Debate on Freebies: Rajya Sabha Chairman Calls for Structured Policy

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Freebies Latest News

- Criticising the culture of “freebies”, Vice-President and Rajya Sabha Chairman Jagdeep Dhankhar on March 19, 2025 said the issue should be debated in Parliament.

Background

- Rajya Sabha Chairman **Jagdeep Dhankhar** has raised concerns over the growing culture of **freebies**, urging Parliament to hold a serious debate on the issue.
- He emphasized the need for a **national policy** to ensure that government investments are **structured and used for the larger public good**.
- His remarks came after **Samajwadi Party MP Ram Gopal Yadav** demanded an increase in **Members of Parliament Local Area Development Scheme (MPLAD) funds** from **₹5 crore to ₹20 crore per annum**, citing rising construction costs.

Understanding Freebies and Subsidies

- Freebies refer to **government-funded benefits** such as:
 - Free electricity, water, or transport.
 - Direct cash transfers without productivity conditions.
 - Loan waivers for specific sectors.
 - Free smartphones, laptops, or other consumer goods.
- While subsidies are aimed at **specific economic needs**, such as:
 - **Agricultural subsidies** for fertilizers, seeds, and procurement prices.
 - **Food security subsidies** through schemes like the **Public Distribution System (PDS)**.
 - **Education and healthcare subsidies** for the underprivileged.
- Jagdeep Dhankhar stressed that subsidies, where necessary, should be **directly transferred** to beneficiaries, following the model of **developed countries like the U.S.**, where farm subsidies are transparent and efficiently distributed.

Key Issues Highlighted by Rajya Sabha Chairman

- **Fiscal Sustainability of Freebies**
 - Freebies impose **significant financial burdens** on state and central governments.
 - They often lead to **higher fiscal deficits**, forcing governments to cut funds from essential sectors like **infrastructure, education, and healthcare**.
 - Without a **structured investment approach**, resources may be **misallocated**, affecting **long-term economic growth**.
- **Electoral Impact and Populist Allurements**
 - Freebies are often used as **election strategies** to attract voters.
 - Dhankhar pointed out that governments, once elected, often **struggle with the financial burden of fulfilling these promises**.
 - This raises concerns over **policy continuity and governance efficiency**.
- **The MPLAD Fund Controversy**
 - **Samajwadi Party MP Ram Gopal Yadav** argued that current **MPLAD funds** (₹5 crore per annum) are **insufficient** due to rising costs.

- He proposed an increase to **₹20 crore per annum**, along with **GST exemptions and a technical quality-control cell**.
- Dhankhar linked this discussion to the broader debate on **efficient government spending**, calling for a review of **all public investment mechanisms**.
- **Disparity in Political Salaries and Perks**
 - Dhankhar also spoke about **disparities in salaries, pensions, and perks** between **MLAs and MPs**, which vary significantly across states.
 - Some state legislators receive **higher benefits than Members of Parliament**, creating an **imbalance in political remuneration policies**.
 - A **standardized system of political compensation** could improve **transparency and fairness**.

Proposed Solutions for Managing Freebies

- **National Policy on Government Expenditure**
 - A clear framework should define which welfare schemes qualify as essential subsidies and which are politically motivated freebies.
 - Parliamentary oversight could ensure that economic policies balance social welfare and fiscal responsibility.
- **Direct Benefit Transfers (DBT) for Welfare Schemes**
 - Eliminating intermediaries and using DBT for subsidies can reduce leakages and corruption.

Examples:

 - Jan Dhan-Aadhaar-Mobile (JAM) Trinity has already streamlined benefit transfers.
 - Expanding DBT to all major welfare schemes could improve efficiency and accountability.
- **Performance-Based Welfare Programs**
 - Linking benefits to employment generation, skill development, or community service can make schemes self-sustaining. Example:
 - Instead of free electricity, incentivizing renewable energy adoption through solar power subsidies.
- **Regulating Election Promises**
 - The Election Commission of India (ECI) should consider guidelines that:
 - Mandate parties to disclose the financial impact of freebies before elections.
 - Ensure manifesto promises are backed by revenue generation plans.
- **A Rationalized MPLAD Fund System**
 - While increasing MPLAD funds can improve local development, it must be:
 - Monitored for transparency and efficiency.
 - Linked to long-term projects rather than short-term political benefits.

Conclusion

- The debate on freebies is essential to ensuring responsible governance and fiscal discipline in India.
- While welfare schemes play a critical role in reducing poverty, they should be financially sustainable and efficiently targeted.

- With Vice-President Jagdeep Dhankhar's call for a structured policy, the discussion on government spending, political accountability, and electoral reforms is likely to gain momentum.
- A national consensus on balancing welfare and fiscal responsibility is the need of the hour.

Freebies Debate FAQs

Q1. What are freebies in the context of government schemes?

Ans. Freebies are non-conditional benefits like free electricity, transport, or direct cash handouts.

Q2. Why did Rajya Sabha Chairman Jagdeep Dhankhar call for a debate on freebies?

Ans. He raised concerns over fiscal sustainability, electoral influence, and the need for structured government spending.

Q3. What is the difference between subsidies and freebies?

Ans. Subsidies are targeted financial aid (e.g., agriculture, education), while freebies are populist incentives without long-term economic planning.

Q4. How do freebies impact the economy?

Ans. Excessive freebies increase fiscal deficits, reduce investment in essential infrastructure, and create unsustainable financial burdens.

Q5. What reforms can help manage freebies effectively?

Ans. Reforms like Direct Benefit Transfers (DBT), performance-linked schemes, and stricter election funding regulations can ensure better governance.

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